



Arizona Corporation Com

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN  
COMMISSIONER-CHAIRMAN  
TONY WEST  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER

MAY 12 1999

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF  
BELLSOUTH LONG DISTANCE, INC. FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE COMPETITIVE  
INTERLATA/INTRALATA RESOLD  
TELECOMMUNICATIONS SERVICES EXCEPT  
LOCAL EXCHANGE SERVICES.

DOCKET NO. T-03287A-96-0579

DECISION NO. 61689

ORDER

Open Meeting  
May 11 and 12, 1999  
Phoenix, Arizona

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

**FINDINGS OF FACT**

1. On November 20, 1996, BellSouth Long Distance, Inc. ("BSLD" or "Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold telecommunications service in the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. BSLD is a Delaware corporation, which has been qualified to conduct business in Arizona since 1996.

5. BSLD is a switchless reseller, which purchases telecommunications services from underlying facilities-based carriers.

6. On February 5, 1999, the Commission's Utilities Division Staff ("Staff") filed a Staff

1 Report.

2 7. The Staff Report stated that BSLD is a subsidiary of BellSouth Corporation, which  
3 had a net income of \$3.3 billion for the year ended December 31, 1997. Staff stated that Applicant  
4 has adequate financial resources to make necessary plant additions or incur operating losses.

5 8. The Staff Report stated that Applicant has no market power and the reasonableness of  
6 its rates would be evaluated in a market with numerous competitors.

7 9. Staff recommended that:

8 (a) Applicant's application for a Certificate should be approved subject to A.A.C.  
9 R14-2-1106.B;

10 (b) Applicant's intrastate toll service offerings should be classified as competitive  
11 pursuant to A.A.C. R14-2-1108;

12 (c) Applicant's competitive services should be priced at the effective rates set  
13 forth in Applicant's tariffs and the maximum rates for these services should be  
14 the maximum rates proposed by Applicant in its tariffs. The minimum rates  
15 for Applicant's competitive services should be Applicant's long run  
16 incremental costs of providing those services as set forth in A.A.C. R14-2-  
17 1109. Any future changes to the maximum rates in Applicant's tariffs must  
18 comply with A.A.C. R14-2-1110;

19 (d) Applicant should be required to comply with the Commission's Rules and  
20 modify its tariffs to conform with these Rules, if it is determined that there is a  
21 conflict between Applicant's tariffs and the Commission's Rules; and

22 (e) The application may be approved without a hearing.

23 10. By Procedural Order dated February 25, 1999, the Commission set a deadline of  
24 March 26, 1999 for filing exceptions to the Staff Report; requesting that a hearing be set; or  
25 requesting intervention as interested parties.

26 11. No exceptions were filed to the Staff Report, nor did any party request that a hearing  
27 be set, nor were any requests for intervention filed with Docket Control.

### 28 CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the  
Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Applicant and the subject matter of  
application.

3. Notice of the application was given in accordance with the law.

4. The provision of competitive interLATA/intraLATA reseller services in Arizona by Applicant is in the public interest.

5. Applicant is a fit and proper entity to receive a Certificate for providing competitive interLATA/intraLATA reseller services in Arizona.

6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that the application of BellSouth Long Distance, Inc. for a Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA resold telecommunications services except local exchange services shall be, and the same is, hereby granted.

IT IS FURTHER ORDERED that BellSouth Long Distance, Inc. shall comply with the Staff recommendations set forth in Findings of Fact No. 9.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

COMMISSIONER-CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 31<sup>st</sup> day of May, 1999.

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

DISSENT  
BMB:bbs

1 SERVICE LIST FOR: BELLSOUTH LONG DISTANCE, INC.

2 DOCKET NO. T-03287A-96-0579

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